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# Contract Negotiation Techniques

## Introduction to Negotiations

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### Chapter 1

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**Federal Acquisition Institute**  
**General Services Administration**

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# Classroom Negotiations

- Everybody Gets to Negotiate!
- "Used Car" Individual Case
- Group Cases:
  - "Protecto"
  - "Scan"
  - "Coburn-Callaway"
  - "Airmac"
- Importance of Role Playing Requirements



# **Negotiation Workshop**

- **Introduction**
- **Negotiation Process: Factfinding, Preparation, and Conduct**
- **Nonverbal Negotiating**
- **Bargaining Techniques (Rules on What and What Not to Do)**
- **Negotiation Tactics**
- **Competitive Discussions**
- **Post Award Negotiating (Modifications & Terminations)**

# **Grading Policy**

- 25 points maximum
- Examination (15 points)
- Participation (10 points) consisting of:
  - Roleplaying requirements
  - Attendance
  - Punctuality
  - Individual case preparation

## **Negotiation Means Bargaining**

**“as a procedure that includes the receipt of proposals from offerors, permits bargaining, and usually affords offerors an opportunity to revise their offerors before award of contract. Bargaining --in the sense of discussion, persuasion, alteration of initial assumptions and positions, and give-and-take -- may apply to price, schedule, technical requirements , type of contract, ot other terms of a proposed contract.”**

**FAR 15.102**

# **Negotiation Concept**

- Negotiation is a process of communication whereby both parties attempt to reach a mutually satisfactory agreement on a matter of common concern.
- Special relationship exists because each side has something the other side desires
- Behavioral science not to be confused with “Dictation”
- “You have to give to get”

# **Negotiation Success Factors**

- The peculiar circumstances surrounding each negotiation
- Bargaining skills of the negotiators
- Motivation and fairness of each party
- Willingness to make concessions



## **Possible Negotiation Outcomes**

- **Win/Lose Outcomes**
- **Win/Win Outcomes**
- **Lose/Lose Outcomes**



## **Win/Lose Outcomes**

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- **Highly competitive negotiations**
- **Mistrust and gamesmanship**
- **One party appears to do much better**
- **Additional business unlikely**

## **Win/Win Outcomes**

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- **Greater trust and less competition**
- **Both parties achieve long term satisfaction**
- **Preferred FAR outcome**
- **Better results and lasting relationships**

## **Lose/Lose Outcomes**

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- **Permanent impasse or deadlock**
- **Big loss for both sides**
- **Government loses unique product or service**
- **Contractor loses contribution income**

# Importance of Perception

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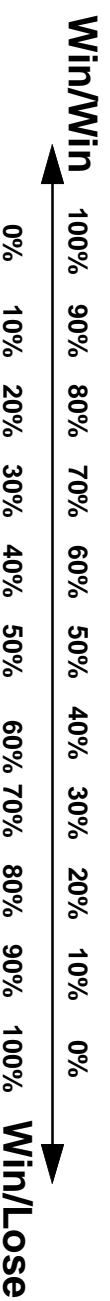
- Win/Win or Win/Lose determined by perception
- Outcome type in “Eyes of the beholder”
- Perception more important than actual contract dollar amounts

# **Negotiation Styles**

- **Primary influence on perception of outcome**
- **Win/Lose styles likely result in win/lose outcomes**
- **Win/Win outcomes more likely with win/win styles**

# Spectrum of Negotiation Styles

- Most negotiations represent combination of styles
- Win/win outcome more likely the higher the proportion of win/win compared to win/lose styles



# Comparison of Negotiation Styles

	Win/Win	Win/Lose
<b>Goal</b>	Obtain a deal acceptable to both sides, including a fair and reasonable price	Obtain a best possible deal for your side regardless of consequences to the other side
<b>Focus</b>	Solve mutual problems	Defeat the other party
<b>Environment</b>	Cooperation and trust	Mistrust and gamesmanship
<b>Negotiation Characteristics</b>	<ul style="list-style-type: none"> <li>• Resolve conflict</li> <li>• Obtain both short and long-term satisfaction</li> <li>• Establish cordial relations</li> <li>• Combine sincere efforts to satisfy the other side and solve problems</li> </ul>	<ul style="list-style-type: none"> <li>• Make extreme initial demands</li> <li>• Use deceptive ploys</li> <li>• Make stingy or no concessions</li> <li>• Attempt to win arguments instead of agreements</li> </ul>

# **Overriding Negotiation Themes**

- **Think Win/Win**
- **Sell Your Position**
- **Win Agreements Instead of Arguments**
- **Everything is Negotiable**
- **Make It Happen**



## **Think Win/Win**

- **Paramount objective**
  - **Display win/win attitudes**
  - **Use win/win styles**
  - **Avoid bargaining plays or deceptions**

## **Sell Your Position**

- **Be persuasive**
- **Be respectful and polite**
- **“Sales” are more likely when customer likes and respects salesperson**

## **Win Agreement Instead of Argument**

- **Arguing is a sign of win/lose negotiators**
- **Don't win argument and lose sale**
- **Persuasion depends on both logic and the manner of presentation**

## **Everything is Negotiable**

- No position is sacred and off limits if it prevents a fair and reasonable settlement
- Use common sense and be open to negotiate all issues

## **Make it Happen**

- Be creative and courageous
- As agent for government, you have been entrusted to secure deal
- When agreement benefits outweigh costs

***Find a Way!!!!***